

NIC

— Nova Investment Club —

Market Update

August 26th – September 6th 2019



Market Update

Bi-Weekly Market Review

August 26th to September 6th, 2019

Market Moves

% change	Last Close	-1W	-3M	YTD
S&P 500	2 979	1,79%	3,67%	18,82%
DJIA	26 797	1,49%	3,13%	14,88%
Nasdaq	8 103	1,76%	4,66%	22,12%
MSCI World	2 179	1,89%	0,03%	15,66%
MSCI EM	1 008	2,40%	0,06%	4,38%
Russell 2000	1 505	0,69%	-0,61%	11,61%
Euro Stoxx 50	3 495	2,00%	3,46%	16,45%
FTSE 100	7 282	1,04%	-0,68%	8,24%
Nikkei 225	21 200	2,71%	0,81%	7,09%
Hang Seng	26 690	3,76%	-1,02%	3,27%
Dollar Index	98,39	-0,91%	1,52%	2,31%
EUR/USD	1,103	0,43%	-2,19%	-3,82%
GBP/EUR	1,113	-0,38%	-1,90%	-0,93%
GBP/USD	1,228	1,05%	-3,24%	-3,69%
USD/JPY	106,9	-0,60%	1,38%	2,59%
USD/CHF	0,988	0,29%	0,38%	-3,77%
Brent Crude	61,78	4,38%	-2,31%	14,09%
Gold	1 507	-0,93%	12,64%	17,49%

Generic Bond Yields

change in bps	Last Close	-1W	-3M	YTD
US 10Y Yield	1,56%	6,4	-52,1	-112,4
GER 10Y Yield	-0,64%	6,3	-38,3	-87,8
JPY 10Y Yield	-0,24%	2,1	-12,6	-24,4
UK 10Y Yield	0,51%	9,1	-31,1	-77,2
PT 10Y Yield	0,19%	6,1	-42,8	-152,2

*Source: Bloomberg, as of 2019-09-06

Upcoming Week

The ECB is expected to announce a new round of monetary stimulus. Meantime, several major players in the world economy, such as the US and UK, will disclose their CPI for the month of August. On the corporate side, the results of Nissan's governance investigation are due to be presented to its board on Monday.

In Focus

September

US data for August missed expectations. US labour market slowdown escalated as August had weak job gains, signalling the effect of the trade war with China and the toll it is taking on the economy. Additionally, data showed factory activity contracted for the first time since August 2016. This contraction is of major importance as it tends to be a leading indicator for the rest of the economy, signalling a possible recession.

Boris Johnson is handed a heavy defeat in Parliament, setting back his Brexit plans.

Despite a move towards the suspension of parliament by Mr. Johnson in order to silence possible dissent in a no-deal exit from the EU, a rebellion by Conservative MPs allowed the approval of legislation which prevents the no-deal scenario.

PD-M5S coalition in Italy sees Salvini's push for elections fail.

An attempt by the leader of Lega to call early elections, banking on favourable opinion surveys, has failed after his coalition partner Five Stars Movement struck a deal with centre-right PD to form government.

Carrie Lam formally withdraws controversial extradition bill.

The bill had sparked Hong Kong's most severe political crisis since the handover, leading to weeks of protests and clashes between the police and demonstrators. This marks a clear backdown for the Hong Kong government, the formal withdrawal of the bill being one of the key demands of protestors.

Fitch downgrades Hong Kong, citing China's growing influence in the territory's affairs.

The downgrade of Hong Kong's credit rating, from AA+ to AA, signals the growing belief within the financial world that barriers between Hong Kong and mainland China are weakening, a development that could threaten the city's

long time status as a global financial hub. Conversely, Carrie Lam stated that "The chaos over the past few months has not weakened the rule of law".

Peso rises after capital control measures.

Argentina's government authorised currency controls on Sunday in an about-face by President Macri, who has previously lifted many protectionist practices of his predecessor. The central bank is now authorised to restrict purchases of dollars as it burns through its reserves in an effort to boost the currency. The peso rose 6.00% during the day, closing at 56.0 to the dollar.

Companies raised USD 150.0 bn in corporate bond issuance this week, setting new global record.

Companies, from Apple to Wirecard, sold more bonds this week than ever before, unexpectedly waking the market to take advantage of historically low borrowing costs.

Uber and Lyft hit new lows on Tuesday amid fears of California law.

A California law that is waiting to be approved may end up upending Uber and Lyft's business models by changing the employment status of their drivers from independent contractors to employees. Such a modification would give more protection to drivers, for instance, a guaranteed minimum wage and the right to paid leave.

Nissan's CEO and other senior executives revealed to be receiving overpayments.

Hiroto Saikawa said on Thursday that he had received higher compensation than he was entitled to, but denied prior knowledge to the matter. The automaker's scandal and broader industry problems led the company to almost no profits and steeply declining sales. Mr. Saikawa plans to return any excess funds, according to a person familiar with the company.

Filipe Pereira
Raquel Tavares